

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – FEBRUARY 7, 2002**

**PRESENT:** Chairman John Byrne and Commissioners Anthony Maiola and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; George Tsiopras, Chief Accountant; Richard Farrenkopf, Assistant Director of Information Technology; Al Picconi, United Beverages, Inc.; Brian Law and Michael Goclowski, Law Warehouses

**EXCUSED:** John Bunnell, Administrator of Marketing & Sales; Howard Roundy, Director of Information Technology; Nicole Horton, Wine Marketing Specialist

### **1. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Store Sales Reports:**

The SA1000 report for the week ending February 3, 2002 shows retail sales were up 15.4%, on-premise sales were up .19%, off-premise sales were up 15.5%, and total aggregate sales were up 12.9%. The traffic count increased by 7,895, as did the average sale by \$1.66.

The W-1 Total Weekly Sales report confirms total sales were up 12.9% or \$585,940 for the week and increased for the year by 6.92% or \$13,432,042. Weekly wine sales were up approximately 10% or \$217,879, as they were for the year by almost 9.2% or \$7,989,473. Sales of spirits increased about 15.7% or \$381,212 for the week, and also increased year-to-date by almost 6% or \$6,497,370.

##### **B. Budget Reports:**

The current W-6 Expense Budget Activity Variance Report indicates the year to be at 60.27% complete, with agency totals sitting at 58.3%, which Craig considered to be in reasonable shape. Transfers have been submitted and should come before the next Fiscal Committee meeting.

Regarding the outstanding depletions and post-offs report, Craig mentioned that December invoices were not due yet, so the amounts shown should be paid.

There were no objections from the Commission to implementation of the records check for full-time vacancies.

The revenue estimate was \$7 million, but liquor revenues exceeded this by coming in at \$7.2 million, with beer revenues at \$1.1 million. The estimate for next month is \$6.5 million.

2. MIS Reports

Richard reported that IT is still doing preparatory work on the contract with Dell.

**II. MARKETING & SALES REPORTS**

1. Store Operations

A. Store Hours #47 – North Woodstock:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve changes in the hours of operation for Store #47, North Woodstock (Friday – 10:00 a.m.-8:00 p.m.; Saturday – 10:00 a.m.-6:00 p.m.), effective Friday, February 22, 2002, as recommended by John Larochelle, Assistant Director of Store Operations and concurred by Peter Engel, Director of Store Operations and John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

Referring to the latest W-8 Sales Analysis by Location report, total store sales were up \$459,245 (13.2%) compared with the same week last year, with many stores showing increases. Sunday sales compared to last year were also up by \$129,718, with a customer increase of 3,636.

Store Operations is in the second phase of taking quarterly inventory this week

On February 20<sup>th</sup> from 10:00 a.m. to 1:00 p.m. there will be a meeting at the Capital Center for the Arts involving all 71 store managers, to be combined with a presentation of the Dream Kitchen promotion.

Chairman Byrne asked that Peter find out who is paying for the sign at the new Store #11 Lebanon location.

2. Warehouse Report

There was a lengthy discussion regarding the extension of the present Law contract which expires on April 30<sup>th</sup>. Craig Bulkley gave a brief history of the work done on this extension, which began in the summer of 2000. The Attorney General's Office is doing a preliminary review to ensure that the correct format has been adopted. Several pages contain amendments to the existing contract by addressing concerns raised by business partners, Commission staff and Law personnel. Several improvements to business relationships have already been initiated, which were reviewed by Craig. Craig asked if there were any questions regarding the extension, and hoped

the Commission would sign it within a few days. He thanked the negotiating team at Law for their input and help in this effort. Brian Law went over the key points of the contract, including storage costs and contract renewal pricing. It is estimated that there will be an increase of about 2.3% for the system as a whole with an annual increase over the next five years.

Commissioner Maiola said he would like to have a copy of the last contract for purposes of comparison. Chairman Byrne asked what the development costs would be for credit card use for web site ordering, and Craig said this is being worked on. He felt the Commission should have control over funds spent for development projects, and was assured that this would be the case. The Chairman also felt that the warehouse manager should be responsible for overseeing this project. Craig will discuss this with John Bunnell and report back to the Commission. The Commission will vote on the contract extension at next Thursday's Commission meeting.

3. Purchasing Report:

Kathy Hass is currently working on a report to help decrease the number of products on the out-of-stock list. Two items of concern at present are Sambuca and the 15-year old malt. Chairman Byrne asked for a list of allocated products by code and product name on a weekly basis.

4. Merchandising Report:

A. SPIRITS:

1) Test Market Requests:

a. La Belle Orange (White Rock Distilleries):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from White Rock Distilleries for a new test market product listing for La Belle Orange, 750ML size (assigned Code #6224), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Vermont Spirits Vodka (Horizon Beverage Co.):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission deny a request from Horizon Beverage Company/Duncan Spirits for new test market product listings for Vermont Spirits White and Vermont Spirits Blue vodkas, 750ML

sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Baja Tango (White Rock Distilleries):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distilleries for a new test market listing for Baja Tango, 750ML size (assigned Code #5639), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Spirits Coupon Ad:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company to run a coupon ad for Code #3834, Skyy Vodka, 750ML size, from March 7 through March 17, 2002, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) April Special Offers:

a. 59 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of fifty-nine (59) spirit items, to be featured on sale during April 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 38 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of thirty-eight (38) spirit items, to be featured on sale during April 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) New Wine Product Listing (general distribution – Code #23435):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H. for general distribution of Code #23435, Shiraz Wolf Blass Pres. Select, 750ML size, which earned a required gross profit of at least \$6,500 during a twelve-month period, a majority of which have been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Recommended Wine Specialty Products:

a. 3 Greek wine products:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve three (3) Greek wine products offered by Perfecta Wine Company to be listed in the wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 210 wine products:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve two hundred and ten (210) wine products offered by various brokers to be listed in the wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Allocated and Restricted Wines for Distribution to Selected Stores:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve one (1) allocated and restricted wine product for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Tabled Item:

a. Recommended Allocated Wines for Distribution to Selected Stores for Dream Kitchen Give-a-Way (Item B-4, 1/31/02):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission remove from the table and approve four (4) allocated wines for distribution to selected stores in conjunction with the Dream Kitchen Give-a-Way, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Primary Source Submissions:

a. 7 items – imported:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of seven (7) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

b. 9 items – exclusive agent:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of nine (9) wine codes which are not from primary source, but are offered by the exclusive marketing agent, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

6) Delistings & Warnings – 1/27/02 – Wine Products:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the issuance of a warning notice for one (1) wine item for the twelve-month period ending January 27, 2002, as recommended by Kathleen Hass, Director of Purchasing and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORTS**

None.

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all requests for bailment releases/transfers dated

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from February 1 through February 7, 2002. The motion was unanimously adopted.

3. Coupon Approvals: None.
4. Late Items: None.

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John W. Byrne, Chairman

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Anthony C. Maiola, Commissioner

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Patricia T. Russell, Commissioner

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